

**California Telehealth Network (CTN)
Rural Health Care Pilot Program
Quarterly Report: July 30, 2009**

(Reference: FCC WC Docket No. 02-60)



CALIFORNIA
TELEHEALTH NETWORK

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1. Project Contact and Coordination Information

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Statewide Coordination

The California Telehealth Network (CTN) project is being managed at the highest level, through the Office of the President of the University of California. Operational responsibility has been delegated to the following entity within the University:

Center for Health and Technology
University of California Davis Health System
2300 Stockton Blvd, Suite 3900
Sacramento, CA 95817

CTN operational management also receives guidance and operational support from the large group of CTN Consortium Member organizations. The CTN Consortium was originally formed in order coordinate and consolidate multiple independent RHCPP proposal initiatives, with the aim of submitting a single proposal that represented the interests of the State of California. The Consortium was formed specifically at the direction of the Governor's Office. A list of CTN Consortium Member organizations is provided in Appendix A. The CTN Consortium advises and informs CTN project management through the CTN Advisory Committee, whose members represent rural health care providers, state government organizations, as well as non-profit health care funding organizations. Statewide coordination of the CTN project is greatly facilitated by the willing investment of time, resources and expertise provided by the CTN Consortium members.

2. Identify All Health Care Facilities Included in the Network

The CTN has initiated numerous statewide communications activities aimed at enrolling prospective CTN participants. To date, close to 1000 health care facilities have signified their intention to participate by submitting a Letter of Agency. The complement of 863 sites submitted with the most recent CTN Form 465 posting, dated July 3, 2009, is publicly available in the Form 465 Attachment. A complete listing of eligible Participant

Sites is available at the USAC RHCPP Web Site, under the California Telehealth Network entry:

<http://www.usac.org/rhc-pilot-program/tools/search-postings-2008.aspx#CA>

CTN Recruitment and Implementation Strategy

During the intervening months between the current Form 465 posting and receipt of a funding commitment letter (FCL), CTN will establish a hiatus in recruitment, due to limited staffing and operational financial support.

In aggregate, CTN now has recruited over 1000 sites that have submitted LOA's expressing interest in joining the project. CTN must now consider some realities concerning feasibility of building a network this large:

1. Funding amount, although totaling close to \$30 million currently, may not be sufficient to accommodate the entire complement of 1000 sites.
2. The numbers of sites that can ultimately be accommodated will largely depend upon the costs that Bidders have submitted as part of the current RFP process.
3. Administrative and logistical support for a project this large could be substantial and current funding sources available, including RHCPP funds, do not support such activities.

Given these constraints and uncertainties, CTN has decided to curtail further recruitment and to instead concentrate efforts on project construction. The goal will be to connect as many as possible of the current roster of eligible Participant Sites, given the current constraints of funding and administrative/logistical support requirements. Consequently, effective January 30, 2009, CTN has not accepted any additional Participant applications and will continue this moratorium until such time as the following processes have been completed:

1. Accurate cost estimates have been derived through the current RFP process, enabling development of a realistic cost model for the project, including responsible estimates of total number of Participants that can be supported with available funding.
2. Formal enrollment of Participants is well underway, including execution of a Memorandum of Understanding between the CTN and each Participant organization. Prior to that phase of the project it will not be possible to determine what percentage of the eligible Participants will actually execute the MOU and formally agree to join the project.
3. CTN is applying for additional funding from a variety of sources, including the National Telecommunications and Information Administration (NTIA) and the Rural Utilities Service (RUS), each sponsoring funding opportunities under the American Recovery and Reinvestment Act. If additional funding is obtained, CTN will resume active recruitment. The overall goal is to establish a network of 2000 health care facilities (approximately 50% funded by RHCPP) within a three year period.

3. Network Narrative

The currently posted RFP for CTN network services (CTN RFP #2009-02) provides detailed specifications and requirements for performance, reliability, security and quality of services, as well as detailed requirements for managed services to be provided by the Contractor(s). Copies of the RFP may be obtained online at the following two Web link:

<http://www.ucdmc.ucdavis.edu/ctn/RFPdocuments.html>

Final specifications and designations of managed services provided will be available following review and award of the pending CTN contract for services and will be included in the appropriate future Quarterly Report.

CTN RFP #2009-02 was posted on 07/03/2009. This RFP process is actually a continuation of a prior RFP process, begun with the posting of CTN RFP #2008-001. For various administrative reasons, CTN elected to rescind its December 12, 2008 Form 465 posting, a process that included retraction of the CTN RFP #2008-001 process as well. The current RFP #2009-02, deviates very little from the previous RFP document. The principal difference is the inclusion of an additional 133 eligible sites. Essentially no changes were made to the technical, operational or financial requirements requested. The original RFP was broadly advertised among the potential vendors who might submit bids. Moreover, the RFP solicitation (“open”) period was extended to almost 90 days. Consequently CTN management believes that Bidders have had ample opportunity to review the RFP(s) and formulate credible responses if they choose to do so. Consequently, CTN has elected to establish an “open” period consistent with the minimum required by RHCPP: twenty-eight days. As an aid to Bidders that submitted responsive proposals to the previous RFP, CTN is permitting those Bidders to complete a submission to the present RFP simply by submitting responses to the Addendum accompanying RFP #2009-02. Their previous submissions will be combined with their responses to the Addendum requirements and the combined materials will constitute a complete submission. The current RFP solicitation period will close July 31, 2009.

Detailed description of the RFP review and scoring process will be included in the next Quarterly Report.

4. List of Connected Health Care Providers

CTN has not yet implemented any network construction activities.

5. Identify the Following Non-recurring and Recurring Costs

CTN has not has not encumbered any reimbursable expenditures.

6. Describe how Costs have been Apportioned and the Sources of the Funds to Pay Them

CTN has not encumbered any reimbursable expenditures that are subject to apportionment to multiple funding sources.

Sources of Funding in Addition to RHCPP Award

CTN has received a \$3.3M pledge from the California Emerging Technology Fund, (CETF, a non-profit, state government-chartered company) that has been specifically designated for funding of the 15% required co-payment for reimbursable expenditures. This represents 100% of the required co-payment funding for the CTN RHCPP. In addition, CTN has been granted partial reimbursement for monthly network connection costs by the California Public Utilities Commission, California Teleconnect Fund program. Reimbursement under the CTF program will amount to approximately eight percent of monthly charges. CTN has also received a pledge of \$5M from United Health Care / Pacificare and discussions are currently underway regarding the timeline for disbursement of these funds.

7. Identify any Technical or Non-technical Requirements or Procedures Necessary for Ineligible Entities to Connect to the Participant's Network

CTN has not begun network construction. Discussions are currently underway with various for-profit and other ineligible health care facilities, in an effort to establish guidelines and standards for accommodating their participation. Until vendor(s) have been selected and accurate estimates of project cost are obtained, it will not be possible to provide ineligible potential participants with responsible participation costs. Consequently, CTN will defer a detailed response on this issue to the appropriate future Quarterly Report, after accurate project costs have been determined.

8. Provide an update on the project management plan

CTN has not formally begun the implementation phase of the project. The following is an updated approximate schedule of events following closing of the Open Proposal Solicitation Period of CTN RFP #2009-02, to be completed July 31, 2009.

Schedule of Events

Event	Date
Release of Request for Proposals (July 3, 2009)	Complete
Receipt of Bidders' Written Questions on RFP (Q&A period closed 07/17)	Complete
Receipt of Proposals	Pending

Review and Score Proposals	Pending
Semi-Finalist Bidder Notifications	Pending
Oral Presentations (if deemed necessary)	Pending
Completion of Evaluation Process and Award Announcement	Pending
Initiation of Contract Negotiations	Pending

CTN intends to complete RFP proposal evaluation and subsequent contract negotiations with the selected finalist Bidder, during the third Quarter of 2009. Currently, the schedule is on track to achieve this goal.

9. Provide Detail on Whether Network is or Will Become Self-Sustaining

CTN has begun discussions with numerous municipal, county government agencies, as well as for-profit healthcare providers, in an effort to develop a self-sustainability model. Central to completing these discussions however, will be the need to provide comprehensive quotations of “fair share” participation costs. Appendix B contains a description of current cost analysis and sustainability plan development efforts. CTN also intends to collect a monthly subscription charge from all eligible Participant Sites as an principal component of ongoing operational expenses. Initially, the subscription amount will be quite modest (e.g., \$50 - \$100 per month). As the network matures, and as more value-added services become available, the monthly subscription charge will be increased, commensurate with value of services. At the termination of the RHCPP funding, we anticipate that the monthly subscription charges will become a principal component of ongoing comprehensive financial support.

10. Provide Detail on How the Supported Network has Advanced Telemedicine Benefits

CTN has not begun implementation of the network. Consequently, no benefits directly attributable to the CTN have been derived.

11. Provide Detail on How the Supported Network has Complied with HHS Health IT Initiatives

- a. Interoperability Standards: the network has been designed as an “open network”, complying with industry-standard protocols.
- b. The network has not deployed any applications to date. CTN intends to adhere to CCHIT standards in selecting and implementing applications.
- c. The CTN will interconnect with Internet 2 and National LambdaRail national networks. This will permit CTN to interoperate with all current and planned NHIN activities and initiatives.
- d. To date, the network has not yet used resources from the AHRQ National Resource Center for Health Information Technology.

- e. University of California Davis Health System (UCDHS), the operational lead organization for the CTN, is actively involved in bioterrorism and pandemic response activities. Several members of the UCDHS Center for Health and Technology (CHT) are actively involved in this work and will be advised to coordinate the CTN-related activities with HHS Secretary for Public Response.
- f. UCDHS CHT will participate with CTN management to facilitate interoperability with public health and emergency organizations. CHT currently has a \$5 million grant from DHHS to develop Emergency Department Surge Capacity coordination. Part of this work will involve developing collaborative and cooperative agreements among local, county and regional emergency response agencies and public health organizations. Efforts are currently under way to coordinate the selection of sites for the DHHS project in such a fashion that there is maximal overlap between DHHS and CTN sites. In this fashion, the CTN will become a core component of region and statewide efforts to develop emergency response and disaster preparedness programs and infrastructure. CHT and CTN management will expand the coordination efforts to include HHS and CDC interoperability requirements, as the network is actively deployed.
- g. CTN is coordinating with the University of California Proposition 1D/PRIME rural outreach initiatives. This program is funded through a \$200 million bond initiative approved by the voters to enhance training of medical students who express interest in practicing in rural areas. A portion of the funds (\$20 million) will be used to provide telemedicine equipment to rural health care sites, in order to facilitate telemedicine use. CTN and UC are coordinating the two projects, with the goal of selecting common sites for both programs. Appendix C provides a brief description of the PRIME Program.

12. Explain How the Selected Participants Coordinated in the Use of Their Health Care Networks

CTN will implement ongoing efforts to comply with DHHS programs to provide access to network services during national, regional or local public health emergencies. CTN has initial plans to facilitate access through three means:

1. UCDHS has received a \$5M grant from DHHS as part of their Emergency Department Surge program to develop effective health care coordination capabilities in the event of public health emergencies. UCDHS has selected rural health care facilities that will co-participate in both programs. In this fashion, the capabilities of CTN to support coordination of geographically distributed health care resources on a regional basis will be developed.
2. CTN will connect to both National Lambda Rail and to Internet 2 national networks. Through these connections, DHHS will have unrestricted access to the CTN network, thereby providing integration at a national level.
3. CTN will connect to the National Lambda Rail Regional Optical Network (RON) provider for California, CENIC. CENIC provides direct connectivity to every University of California campus and medical center, as well as most major academic medical centers within the state (e.g., Stanford Medical Center and

University of Southern California Medical Center). This connectivity will provide a means of broadly coordinating access to every major academic medical network within the state.

Appendix A – CTN Consortium Member Organizations

Health Care Providers:

- The University of California System (UC)
- The UC Office of the President (*Managing Partner*)
- The UC Davis Health System (*Project Management Lead*)
- Rural health networks and coalitions
- The Northern Sierra Telehealth Network
- The Community Clinics Health Network (CCHN)
- Central Valley Health Network (CVHN)
- The Southern Sierra Telehealth Network (SSTN)
- Open Door Health Network/Open Door Community Health Center (ODCHC)
- The Indian Health Service (IHS) network

Governmental Partners:

- The Office of the Governor
- California Health & Human Services Agency (CHHSA)
- The Office of Statewide Health Planning and Development (OSHPD)
- California Business, Transportation and Housing Agency (BTH)
- The California Department of Managed Health Care (DMHC)
- The California Office of Emergency Services (OES)
- The California Public Utilities Commission (CPUC)
- The California Emerging Technology Fund (CETF)
- The California Institute for Telecommunications and Information Technology (Cal IT2)

Other Organizations:

- The California Hospital Association (CHA)
- The California Health Foundation and Trust (CHFT)
- The California Telemedicine & eHealth Center (CTEC)
- The California State Rural Health Association (CSRHA)
- The California Primary Care Association (CPCA)

Appendix B – Sustainability Activities and Analysis

Introduction

CTN will continue to develop sustainable funding and reimbursement sources with the intention of achieving self-supporting status by the end of the RHCPP five-year funding period. The following is a summary of activities currently underway to develop both near-term funding that will augment the FCC RHCPP funds during the term of the program, as well as long-term funding that will support the CTN program following termination of the RHCPP. We anticipate that developing multiple funding sources will be necessary in order to provide for robust, reliable support. We have identified several potential funding sources and have initiated activities to develop them. The following sections discuss potential funding sources and related activities to develop them.

1. Estimation of projected network infrastructure and operational costs.
2. Identification of CTN Participant sites that would also qualify under the FCC USF Standard Rural Health Care Program.
3. Identification of funding opportunities under the California Public Utilities Commission's "California Teleconnect Fund" program.
4. Survey of the prospective CTN Participant membership in order to determine an initial willingness to pay a regular subscription fee.
5. Recruitment of Additional Participants who provide "fair share" payment support:
 - a. Development of significant long-term funding opportunities from consortia of non-profit health care funding organizations.
 - b. Participation in the CTN by for-profit regional and statewide health care organizations.
 - c. Participation by municipal, county and state government agencies.

Network Infrastructure and Operational Costs estimation

Since the CTN has not completed review of cost proposals submitted during the first RFP process, it is not possible to precisely define the overall costs for design, installation and operation of the CTN network infrastructure. We anticipate deriving accurate cost data by late Q2, 2009 and will update the Sustainability Plan based upon these data in the next Quarterly Report. Nonetheless, it is possible to make reasonably responsible pro forma estimates based upon a pricing structure that is broadly available to state government affiliated organizations through the California State CalNET 2 Program.

The pro forma estimates are based upon the following reasonable assumptions:

1. CalNET 2 pricing levels will be achievable for the CTN (a CTN RFP requirement)
2. Vendor offers statewide flat-rate pricing ("postalized" rates, available under CalNet 2).
3. Network architecture comprises an MPLS-routed, IP-based private network.
4. Majority of actual network build-out will occur in Year One.

Based upon these assumptions, it is possible to derive an approximate price-per-connection of between \$400 - \$500 per month per Participant site. Using a similar logic and methodology, the following price estimates have been made:

Description	Unit Cost	Total Cost (900 Participants)
Participant Connection Cost (per month)	\$400 - \$500	\$360K - \$450K
Connection to Internet 2 and NLR (per month)	\$10,000	\$10,000

Total Program Network and Infrastructure Costs

Annual Network Infrastructure Cost (900 Participants)	\$4.4M - \$5.5M	
Total Five Year Program Cost (900 Participants)	\$22M - \$27.5M	

CTN currently has additional qualifying funding commitments for deferral of the 15% charges allocable to the program from the California Emerging Technology Fund (CETF), in the amount of \$3.3M, yielding a total program funding amount of \$25.4M. CTN has additional funding commitments pending in the amount of \$5M.

Since the administrative expenses associated with the CTN program are not eligible for reimbursement under the RHCPP, we are currently seeking additional sources of funding to cover these expenditures. Currently, the University of California is providing primary “in kind” support for the CTN program. CETF has also provided an additional \$300,000 in bridge funding to support administrative and operational expenditures. This amount is in addition to their \$3.3M pledge to support the required 15% payment by CTN.

In summary, the projected annual funding required to support network and infrastructure expenditures for Year 6 and beyond (calculated in 2009 dollars) totals \$4.4M - \$5.5M.

FCC Standard Rural Health Care Program (“Standard” Program)

Based upon a preliminary analysis by USAC of the original 900+ Participant sites submitted for the CTN program, it is estimated that 30% of the sites are eligible for the Standard Program. Using this figure, as well as the estimated cost to connect each Participant, we derive the following:

Description	Cost
Connection Cost per Participant under CTN RHCPP	\$500
Urban T1 Cost (actual quoted cost, Sacramento CA)	\$150
(CTN RHCPP Cost – Urban Cost) x 0.6	\$210

We estimate that approximately 200 – 300 CTN Participants will qualify for the FCC Standard Health Care Program, following termination of the RHCPP. Each site will qualify for an approximate \$200 per month offset.

California Public Utilities Commission California Teleconnect Fund (CTF) Program.

The CTF will provide 50% reimbursement for remaining telecommunications expenses for eligible health care providers, after all other third-party payer amounts have been deducted. For CTF purposes, all Participants that are eligible under the RHCPP are also eligible under CTF. After lengthy discussions and negotiations with the CPUC, we have determined that during the RHCPP funding

period, the CTF will fund 7.5% of the monthly network charges for each of the CTN Participants. For the estimated \$500 per month charge, the reimbursement amount would be \$37.50, regardless of rurality status. The percentage reimbursement from CTF following termination of the RHCPP would in principal, be greater. We are continuing discussions with CPUC in order to determine the potential funding amounts that will be available to eligible CTN Participants following termination of the RHCPP. Regardless of program funding regulations however, the actual amount available through the program will be highly dependent upon the California State Budget and consequently, cannot be precisely determined at present.

Monthly Subscription Fee and Participant Survey Status

During Summer, 2008, CTN surveyed over 500 potential Participant sites in order to determine how best to structure the network and which services would be of most interest. Following is a very brief itemization of survey topics:

1. Interest in participating in the CTN
2. Telemedicine and other clinical services that would be of value
3. Educational services of interest
4. Technical and administrative expertise available at the local site
5. Technical and administrative expertise desired from CTN
6. Telecommunications services currently supported
7. Cost of currently supported telecommunications services
8. CTN monthly subscription fee that would be acceptable

The final survey query is particularly relevant to the CTN development of a sustainable infrastructure. The median acceptable monthly subscription fee was found to be \$200. We are currently anticipating that a monthly subscription fee will be levied against all CTN Participants, beginning with their initial enrollment in the RHCPP and continuing throughout their membership. The subscription fees may be levied incrementally: during the RHCPP funding period, a lower fee will be levied. At the termination of the RHCPP, we estimate a fee of approximately \$200 will be levied. We are in the process of developing a Memorandum of Understanding (MOU) that all Participants will be required to execute as part of membership. The MOU will delineate the requirement to pay a reduced subscription fee throughout the RHCPP funding period, followed by a subscription fee sufficient to cover remaining costs after all other payor sources have been applied. We estimate this final amount to be approximately \$200 - \$300 per month.

Appendix D contains a draft MOU document that itemizes the principal terms and conditions that circumscribe the joint and individual responsibilities of the CTN and each Participant organization. In particular with regard to sustainability, the MOU in final form will formalize the requirement that each Participant organization pay a monthly subscription fee as well as adhere to various restrictions on network use as proscribed in the FCC Order. The MOU is currently being reviewed and revised by UC Davis Health system Legal Affairs. A final draft is anticipated soon and will be included in the next Quarterly Report.

Additional Participants Who Make “Fair Share” Payment Support

A large number of for-profit health care and other commercial organizations have expressed interest in accessing services on the CTN. We are actively engaged in discussions with these groups. Invariably the question arises: “what will be the cost to participate?” Following completion of the initial CTN RFP process in late Q2, 2009, a detailed financial pro forma will be prepared that will inform interested

organizations. We will remain cognizant of the requirement that during the tenure of the RHCPP, ineligible entities must pay their “fair share.” We anticipate that dependent upon services requested, we will charge a premium above fair share that will serve to offset operational and administrative expenses. CTN is also engaged in active discussions with major non-profit health care funding organizations that have expressed an interest in providing grants and other funding for CTN activities. These efforts are in the early phases of discussion, but could lead to significant underwriting of CTN health care activities.

Summary

CTN has already begun developing funding sources and reimbursement models that will ultimately lead to a self-supporting network. Three principal sources will provide significant funding:

1. Eligible rural Participants will apply for funding under the USF Standard Program.
2. California Public Utilities Commission, California Teleconnect Fund will provide as much as 50% reimbursement of eligible telecommunications expenses (subject to state budgets).
3. Individual CTN Participants will be required to execute a Memorandum of Understanding that specifies a certain tenure of membership (five years or more) as well as agreeing to pay a monthly subscription fee (see Appendix D).
4. CTN is actively seeking additional funding sources from non-profit health care funding organizations, as well as for-profit organizations that may pay “fair share” plus an additional increment.

We will strive to ensure sustainability of the CTN by developing these funding sources. We anticipate that well in advance of the termination of the RHCPP, CTN will have developed effective agreements with state, federal and non-profit healthcare funding organizations, as well as for-profit health care organizations. These in aggregate, will provide a significant percentage of funding needs. Any residual amounts will be allocated out to the membership at large in the form of a monthly subscription fee.

CTN will provide a much more in-depth sustainability plan in the quarter report following completion of the initial RFP process (estimated July, 2009), when actual projected costs for network services and infrastructure have been obtained.

Appendix C - Description of the University of California PRIME Program

Rural-PRIME

Training California's future doctors to meet the needs of rural communities

With a founding mission that emphasizes community service, UC Davis School of Medicine recently launched a new program to help increase health-care access for underserved populations living in rural areas.

Called "Rural-PRIME," this unique program is designed to train the best and the brightest students for a fulfilling career in rural primary care medicine. It is an opportunity that offers a range of experiences, from public health and community service to the use of leading-edge medical technologies like telemedicine.



Rural-PRIME is a combined, five-year M.D. and master's degree program. It focuses on developing physicians who can become leaders and advocates for improving health-care delivery throughout the state's smaller, more isolated communities. Rural-PRIME offers an innovative curriculum, beginning with the first year of medical school. It is specifically geared toward students from rural backgrounds who have a strong desire to make a difference in communities like the ones they were raised in.

Significant Features of Rural-PRIME

- Clinical experiences through rural preceptorships and immersion in rural communities
- Mentoring by rural physicians for a deeper understanding about the small community practice and public health leadership
- Clinical technique (Doctoring) courses taught by rural physician faculty, with an emphasis on cultural sensitivity and rural case studies
- Integrated master's degrees in Public Health, Medical Informatics or other health-care related fields
- Core clinical clerkships focusing on culture, health-care issues, epidemiology and economics in rural California
- Extensive experience and opportunities to use the latest health-care technology and telecommunications:
 - Computerized patient simulators at UC Davis Center for Virtual Care provide realistic experience and training in emergency medicine and trauma care;
 - Innovative clinical training center, with patient actors, offers skills training in a life-like setting;
 - High tech telemedicine connections, offering quick access for remote areas to the specialty care of UC Davis Health System (as a longtime leader in the use of this technology, UC Davis now has an internationally recognized program);
 - State-of-the-art medical education facility, with 'smart' classrooms and distance learning capabilities, connecting rural physicians with the resources of an entire academic health system.

UC DAVIS
SCHOOL OF MEDICINE



"Students at UC Davis will train for rural medicine in a way far different from their predecessors. Our focus combines team medical practice, advanced information and telecommunication technologies and evidenced-based medicine, while still recognizing what has always made rural medicine fulfilling and fun: that broad scope of practice, great relationships with patients and the knowledge that you are making a difference."

Thomas Nesbitt, M.D.,
Executive Associate Dean,
UC Davis School of Medicine

Rural-PRIME is part of the University of California's "Programs in Medical Education."

It is designed to produce physician leaders who are trained in and committed to helping California's underserved communities.

**For more information:
(916) 734-4105**

Appendix D – Draft Terms and Conditions for the CTN Memorandum of Understanding

The CTN MOU will be executed between each eligible Participant and the Regents of the University of California, on behalf of the CTN Consortium. The MOU will delineate the following:

1. Terms and Conditions for adherence to RHCPP regulations.
2. Agreement for UC to operate the CTN on behalf of the Participant.
3. Agreement by Participant to execute Letters of Agency to permit CTN to order circuits, contract for managed services, etc., with Contractor(s).
4. Delineation of financial and operational liability between Participant and CTN.
5. Affirmation by Participants of their agreement to pay a monthly subscription fee.
6. Detailed itemization of ineligible uses of RHCPP-funded facilities and resources and agreement by Participant to abide by appropriate use restrictions.

Draft Terms and Conditions

Following is a first draft of Terms and Conditions for the CTN MOU. A final document will be completed prior to CTN application for a Funding Commitment Letter and will be included in the appropriate Quarterly Report. CTN will obtain a signed MOU from each eligible Participant, prior to initiation of any services funded under the CTN RHCPP.

Definitions

CTN-C: refers to the CTN project management authority (Regents of the University of California on behalf of the CTN Consortium; delegated authority to UCOP and UCDHS).

RHCPP-

USAC –

FCC –

RHCPP -

CTF --

CETF -

Organization – a company, cooperative, corporation or other legal entity composed of, or representing establishments that provide health care services.

Organization Sites – sites that provide health care services, that will participate in the CTN and are listed in Attachment XX of this agreement.

Representative: an individual or corporate entity that represents a health care organization and that is authorized to legally execute agreements on behalf of the organization.

Funding Source: a government agency or private organization or company that provides financial subsidies to the CTN and that may establish rules, regulations and requirements for eligibility of Organization sites that must be met in order to receive subsidies under its program.

Eligible Site – an establishment that provides health care services and that meets the minimum Eligibility Requirements in order to receive financial subsidies under the terms of the RHCPP.

Ineligible Site – an establishment that provides health care services, but does not meet the minimum Eligibility Requirements in order to receive financial subsidies under the terms of the RHCPP

Contractor – companies or vendors who provide network and other services to the CTN under the RHCPP.

Subcontractor – companies or individuals engaged by Contractor for the purposes of providing equipment or services to Participant.

Written Notice – communications between CTN-C and Participant that require written notice shall be executed in any one following fashions:

1. Physical documents delivered or mailed between Participant and CTN-C.
2. Email documents electronically delivered between Participant and CTN-C.
3. Electronic documents attached to email or sent electronically by other means.

Etc.

Terms and Conditions

1. Affirmation of Participation - Organization confirms its intention to participate as an Eligible Organization in the California Telehealth Network's Rural Health Care Pilot Program and to abide by all terms, conditions, regulations and edibility requirements established by CTN Funding Sources.
2. Term of Agreement – The maximum effective term of this MOU shall be from date of execution until the Date of Termination of the CTN RHCPP.
3. Date of Termination – shall be the date of termination of funding under the FCC RHCPP, or any earlier date established by the CTN-C at its sole discretion.
4. Acknowledgement of Funding Sources – Representative hereby acknowledges that the CTN-C receives funding to support the CTN from multiple federal and state agencies and programs, including, but not limited to:
 - a. the FCC RHCPP
 - b. California Teleconnect Fund (CTF)
 - c. California Emerging Technology Fund (CETF)
5. Liability – Organization hereby acknowledges:
 - a. CTN-C assumes no financial liability for operation or maintenance of the CTN or any of the services provided.
 - b. *Etc. (this clause will require careful, extensive edits by attorneys...)*
6. Suspension or Termination of Service
 - a. CTN-C may at its sole discretion, establish a Date of Termination of the CTN RHCPP, after which no services will be provided to Organization.
 - b. CTN-C may establish at its sole discretion, a Date of Termination that is applicable to only one or more of Organization's Sites, after which no services will be provided, regardless of whether the CTN-C continues to provide services to other of Organization's sites or other Participant sites not affiliated with Organization.
7. Eligible Status – Representative affirms that Organization's Sites listed in Attachment XX are Eligible Sites under the FCC RHCPP.
8. Due Diligence Confirming Eligibility – Organization hereby acknowledges:
 - a. CTN-C has informed Organization that to the best of its knowledge, Organization's participating sites, as listed in Attachment XX, are Eligible Sites.
 - b. Organization is responsible for independently confirming the eligibility status of its participating sites listed in Attachment XX.

9. Waiver of Liability - Organization agrees to hold CTN-C harmless in the event that a participating site is determined to be an Ineligible Site under any of the currently applicable CTN Funding Sources.
10. Program Restitution – In the event that one or more of the Funding Sources that provide subsidies to the CTN determine that one or more of Organization’s participating sites listed in Attachment XX are not eligible for funding under their subsidy program, Organization agrees to assume sole responsibility for any financial or other restitution that may be required under the applicable terms and conditions established by the Funding Source.
11. Authoritative Communications – Organization agrees to accept email communications from CTN-C as the authoritative mode of communications. Organization further agrees to provide and maintain an email address that will serve as the authoritative means of receiving official notifications and documents from CTN-C.
12. Power of Attorney (?)– USAC and FCC Activities: Participant hereby authorizes the CTN-C to act on its behalf before the Federal Communications Commission (FCC) in matters related to the Rural Health Care Pilot Program.
13. Telecommunications Carrier Letters of Agency – Organization agrees to execute one or more Letters of Agency naming CTN-C as their authoritative representative for the purposes of ordering, provisioning and maintaining telecommunications services associated with the CTN RHCPP. Such Letters shall have form and content compatible with the requirements stipulated by Contractor, their designated Sub-Contractors or service providers.
14. Power of Attorney - Contractor Activities: Organization hereby authorizes the CTN-C to act on its behalf in communications, negotiations and operational direction of Contractor activities related to the RHCPP. Organization authorizes CTN-C to act on its behalf in the following matters associated with implementation and maintenance :
 - a. Negotiation and execution of contracts and agreements related to CTN RHCPP services.
 - b. Ordering of circuits, hardware, software and other services that are intended for installation and operation at Organization’s Sites.
 - c. Serve as the sole authority to coordinate, negotiate, schedule, manage and maintain services provided to Organization under the RHCPP, including, but not limited to the following operational and contractual agreements with Contractor.
 - i. Negotiation and execution of service contracts and agreements.
 - ii. Arbitration of service or financial issues.
 - iii. Selection and authorization of network hardware, software and services provided to Participant under the RHCPP.
 - iv. Etc.
15. Voluntary Termination of CTN Participation: Organization agrees to the following terms in the event that Organization elects to terminate participation in the CTN in whole or in part at any or all of its participating Sites listed in Attachment XX:
 - a. Provide a minimum of 30 days advance written notice to CTN-C.
 - b. Return to CTN-C all hardware, software and equipment provided under the CTN RHCPP within 30 days following the final date of participation in the CTN.

- c. Terminate use of all equipment, software and services provided by the CTN-C under the RHCPP, immediately following the date of termination of participation in the CTN.
 - d. In the event that Organization's Site continues to use equipment, software, or services provided under the CTN RHCPP following the date of termination of participation, Organization agrees to pay the current "fair share" cost for these services. Fees shall be levied on a monthly basis and will not be prorated for partial month usage. Fees shall be determined solely by the CTN-C and shall be equivalent to fees charged to Ineligible Organizations.
16. Change in Eligibility Status: Organization agrees to the following terms in the event that to the best of its knowledge, one or more Organization's Sites has, or will become an Ineligible Site:.
- a. Provide at least 30 days prior written notice to CTN-C of a pending change in eligibility status.
 - b. In the event that Organization does not elect to continue participation in the CTN at an Ineligible Site, Organization agrees to terminate use of all CTN resources immediately following the final month of participation as an Eligible Site.
 - c. In the event that Organization elects to continue participation in the CTN as an Ineligible Site, Organization acknowledges the following:
 - i. CTN-C reserves the right to reprioritize Organization's status, to reduce the level of services that will be provided and may elect to rescind the option to continue Organization membership in CTN.
 - ii. *Etc.*
17. Retroactive Assignment of Ineligible Organization fees: Organization agrees to pay any accrued subscription or other fees that may become due and payable resulting from a retroactive designation of Organization Site as an Ineligible Site. Such change in designation may result from a re-evaluation of status by CTN-C, FCC, USAC, or other authorized representative of an organization providing funding to the CTN. Such fees shall be payable retroactive to the first month during which Participant Organization became ineligible. Participant will be credited for any payments made as an Eligible Organization during the equivalent period and such payments shall offset the total retroactive payment due as an Ineligible Organization.
18. Subscription Fee : Organization hereby agrees to pay a regular subscription fee for each participating site listed in Attachment XX, as a requirement for participation in the CTN, subject to the following terms and conditions:
- a. CTN-C will charge a monthly subscription fee, payable in advance, due on the first of each month of service.
 - b. CTN-C will invoice Participant for the current monthly subscription fee at least xx weeks prior to the start of the first month of service.
 - c. CTN-C may from time-to-time, change the monthly subscription fee. CTN-C will notify Participant xx months/weeks in advance of any changes in monthly subscription fee.
 - d. CTN-C will not otherwise issue invoices for subscription fee payments on a regular basis. Participants shall be required to continue monthly subscription fee payments at the currently applicable monthly rate as herein specified.

- e. *Additional T&C's on Subscription fees: late charges, discontinuing of service from non-payment, etc.*
- 19. Ancillary Equipment and Service Offerings: CTN-C may offer to Organization additional equipment or services that are not reimbursable under the RHCPP or other CTN funding programs. Organization may elect to subscribe to these offerings, with the understanding that payment for such equipment and services will be the sole responsibility of Organization.
- 20. Miscellaneous Fees: Organization hereby agrees to pay additional charges and fees for any miscellaneous equipment, software or services not otherwise covered under the RHCPP and for which prior authorization has been obtained from Organization by CTN-C. Payment shall be due and payable upon receipt of invoice from CTN-C.
- 21. CTN-C the Sole Authority : Organization hereby recognizes the CTN-C as the sole authority empowered to negotiate terms, execute contracts, modify service agreements, or obligate the CTN in any way for services rendered under the RHCPP. Organization shall be solely financially and legally responsible for any unauthorized obligations.

Additional terms of service

- 22. Eligible Services – Organization agrees to restrict the use of CTN resources to those health care related activities that have been designated as eligible under the RHCPP (*reference(s) for delineation of eligible activities*) including, but not limited to the following terms and condition:
 - a. Attachment YY of this MOU provides a partial list of services that have been currently designated by FCC and USAC as ineligible uses of RHCPP resources.
 - b. assume full responsibility for compliance with RHCPP health care services eligibility requirements.
 - c. Acknowledges that the authoritative source for designations of eligibility of services shall be FCC and USAC (*references*).
 - d. Agrees to hold CTN-C harmless in the event that this MOU or any other CTN-C publication, communication or announcement fails to properly designate a particular health care activity as ineligible, either due to mischaracterization or omission.
 - e. Agrees to regularly review the use of CTN resources at Organization's Sites listed in Attachment XX and to validate that such resources are only used for eligible health care activities.

Sections to be Added:

Formal Termination of CTN RHCPP

T&C's regarding what will happen at the end of the RHCPP – how participants will continue membership.

Appropriate Use

CTN may monitor network communications from Organization's Site to ensure appropriate use

Attachment YY: Itemization of Ineligible Uses and Agreement by Participant to Abide by RHCPP Restrictions

1. Affirmation of Agreement by Participant
2. Detailed itemization of uses that are ineligible under the RHCPP
 - a. Senior Housing
 - b. Educational Services
 - c. Etc..